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SUBJECT: AMBASSADOR PRESSES FM YANG ON IRAN, DISCUSSES  
STRATEGIC NUCLEAR DIALOGUE, DALAI LAMA, TAIWAN, NORTH  
KOREA, PRODUCT SAFETY

REF: BEIJING 5497

Classified By: Ambassador Clark T. Randt, Jr. Reasons 1.4 (b/d).

SUMMARY

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¶1. (C) Pressed to work more effectively with the United States on curbing Iran's nuclear ambitions and destabilizing behavior, Foreign Minister Yang Jiechi told the Ambassador that China shares U.S. goals vis-a-vis Iran and has pressed Iran to "take stock of the current situation" and "adopt flexible measures" to address international concerns. Yang expressed hope that Iran's dialogues with the IAEA and the EU will bring results. He also committed to stopping "any funny business" that involves China and transfers of proliferation concern to Iran. On other issues, Yang said: the issue of Second Artillery Commander General Jing Zhiyuan's trip to the United States for strategic nuclear dialogue is "just a matter of finding the right time"; involvement by President Bush or Secretary Rice in the Dalai Lama's upcoming visit to

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DC to receive a Congressional medal would "have serious consequences across the board" for bilateral relations; U.S. arms sales to Taiwan during the current "high-risk period" would be "especially sensitive"; North Korean leader Kim Jong-Il appeared healthy and was interested in U.S. domestic politics during Yang's early July trip to Pyongyang; Yang hoped for good meetings in Washington September 27; product safety concerns require "matter-of-fact" cooperation, not sensationalization; and building "mutual strategic trust" is the greatest challenge in U.S.-China relations. End Summary.

¶2. (C) Foreign Minister Yang Jiechi hosted the Ambassador to dinner at the Diaoyutai State Guesthouse August 26. Mrs. Randt, the Minister's wife Ms. Le Aimei, MFA North American and Oceanian Affairs Deputy Director General Xie Feng and PolMinCouns (notetaker) accompanied.

Iran

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¶3. (C) The Ambassador stressed that China's relations with Iran is "issue number one" for senior U.S. officials. China's continuing trade with Iran, especially in conventional arms, is particularly toxic for our bilateral relations at a time when Iran remains noncompliant with UN Security Council resolutions and when Iran supports terrorists in the Middle East, including U.S. enemies in Iraq.

Continued evidence of proliferation-related trade through China to Iran is also detrimental to bilateral relations. The Ambassador pressed for Chinese support for a third UNSC resolution that would impose tougher sanctions on Iran.

14. (C) FM Yang responded that China and the United States have no differences in principle over Iran. Both countries want a non-nuclear armed Iran and wish to resolve the current situation diplomatically. Yang stressed that China has urged Iran to "take stock of the current situation" and "adopt flexible measures" to address international concerns. Yang noted that President Hu Jintao made these points to his Iranian counterpart August 15 on the margins of the Shanghai Cooperation Organization summit in Bishkek (ref A). He added that, in all of President Ahmadinejad's speeches during the SCO summit, he never uttered the words "United States."

15. (C) Yang emphasized that there has been progress recently in Iran-IAEA talks. China hopes that the IAEA dialogue, as well as the EU's with Iran, can continue. China wants to see how Iran will respond in those channels before moving on the second track on the Iran issue. Sanctions are useful to a point, Yang argued, but in the end the problem has to be solved by dialogue.

16. (C) Regarding trade with Iran, China supported passage of the UNSC resolutions (1737 and 1747) and will continue to adhere to them. China is ready to "continue dialogue" on a third resolution. With regard to any proliferation activities, Yang said China will investigate any specific allegations brought to PRC attention. "If there is any funny

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business going on," Yang said, "we will stop it."

Strategic Nuclear Dialogue

17. (C) The Ambassador pointed out that it has been over 15 months since President Bush and President Hu agreed to conduct a bilateral strategic nuclear dialogue. General Jing Zhiyuan of the Second Artillery Command has allegedly yet to find time to visit the United States. The Ambassador pressed for a date for General Jing to visit as proof of PRC commitment to transparency in this area. Yang responded that China supports military-to-military exchanges and dialogue. General Jing's trip to the United States is just a matter of "finding the right time."

Dalai Lama

18. (C) Yang said maintaining the current positive tone in U.S.-China relations is very important. The MFA is upbeat about prospects for bilateral relations in the remainder of President Bush's term of office. Of great concern, however, is the awarding of a Congressional medal to the Dalai Lama. This is a "very serious matter," Yang said, and China hopes the USG will "think twice" before taking such a grave step. Attendance by the President or Secretary of State at the Congressional ceremony or the President or Secretary of State hosting an event for the Dalai Lama would be a matter of deep concern that would have "serious consequences for cooperation across the board."

19. (C) Told that U.S. leaders see the Dalai Lama as a revered religious figure, not as a separatist, Yang

stressed that China sees him very differently. The Dalai Lama advocates Tibetan independence, Yang said. The Dalai Lama's expressed views and actions make clear his separatist intentions, Yang said. "The rest is camouflage." China will never let Tibetan independence happen. Any support for the Dalai Lama is seen in China as a political message in support of an independent Tibet, Yang warned. The Ambassador stressed again that the USG does not intend for support of the Dalai Lama to be seen that way and that USG policy is that Tibet is part of China.

Taiwan  
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¶10. (C) FM Yang said (Taiwan President) Chen Shui-bian is pushing toward independence with his referendum and efforts to join the UN. These are political moves toward independence, not just "election tricks." China appreciates U.S. opposition to the referendum and noted continued U.S. non-support for UN entry for Taiwan. China hopes that the United States can use "stronger language" on the issue of UN entry.

¶11. (C) Yang noted that he told visiting Chief of Naval Operations Admiral Mullen August 21 that U.S. arms sales to Taiwan, which China always opposes, are particularly sensitive now. Emotions in China are running high; "just look at the Chinese press and Internet," Yang suggested. Chinese leaders do not need an opinion poll to know how the Chinese people feel about the issue; the fact that Taiwan is a part of China "is in their blood." China appreciates U.S. measures to let Chen Shui-bian know of U.S. displeasure over the referendum, but would like the Ambassador to send a clear message back to Washington that now is a "high-risk period." Arms sales at this time would be "especially sensitive." President Hu will raise PRC concerns with President Bush at APEC.

North Korea  
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¶12. (C) FM Yang noted that Six-Party Talks are entering a challenging phase, with issues such as disablement likely to prove tricky. The Ambassador agreed, noting continued Washington appreciation for China's positive role. Yang said that in his early July trip to Pyongyang (one of his first abroad as Foreign Minister), he found North Korean leader Kim Jong-Il very interested in U.S. domestic politics. Kim asked Yang several questions on the subject. Yang

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claimed not to be an expert on U.S. domestic politics, but said he told Kim that the United States is interested in normalization of relations. Yang said Kim appeared alert and healthy; despite a very cool, air-conditioned room, Kim was wearing only thin clothing.

Yang Trip to UNGA, DC  
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¶13. (C) FM Yang recalled that Secretary Rice invited him to Washington during their meeting in Sharm al-Sheikh, Egypt. Yang said he plans to visit Washington September 27, since he will be in the United States for the UNGA at that time. He understands schedules are tight, but hopes his visit will be possible.

Product Safety  
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¶14. (C) FM Yang said that Chinese product quality is improving. There is no 100 percent guarantee of

product safety in any country, he claimed. The key is to solve problems in a matter-of-fact way, not to sensationalize them. The Western press is playing up the issue too much. It is impossible to tell at first glance whether the problem is with the producers or the purchasers, and fairness is important. The Ambassador stressed the importance of enforcement and improvement of regulations and of increased cooperation. The Ambassador asked FM Yang to help arrange a meeting on this issue with Vice Premier Wu Yi for visiting Congressmen Rick Larsen (D-WA) and Mark Kirk (R-IL).

#### U.S.-China Relations

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¶15. (C) Asked what he thinks is the biggest challenge facing U.S.-China relations, FM Yang said "establishment of mutual strategic trust." Each side needs to read the other's policy the right way. Yang noted that the Chinese Government is faced with many challenges and constraints, but the leadership is solid. The upcoming 17th Party Congress will inject further vitality into the policy of "scientific development," he said, which means environmentally friendly policies, sustainable development and attention to the needs of the Chinese people.

¶16. (C) Yang said that he will continue to pay close attention to the U.S. relationship, even as he relies on Vice Foreign Minister Zhang Yesui and Assistant Foreign Minister He Yafei to manage day-to-day affairs. He asked the Ambassador to convey his appreciation for all the support he received from President Bush, Secretary Rice, NSA Hadley and others during his time as Ambassador to the United States. He is committed to working to improve the relationship further. China's top leaders also pay close attention to U.S.-China relations. Although the official line is that the U.S.-China relationship is "one of China's most important relationships," Yang said, in fact it is "the most important."

Randt